Volume 13 No. 9, May 15, 2007

CHAIRMAN'S MESSAGE – Leonard Blocka

As we approach the end of the 2006/07 dairy year, it is vital that producers have good and relevant information available so they can make good quota management decisions – not only for the conclusion of this dairy year, but also for the lead-in to the new dairy year.

Cumulated butterfat production for the first nine months of this dairy year stood at 6.2 million kilograms, or 98.24% of available butterfat quota. Compared to previous months, production is increasing. At the current rate, the province should be close to, if not slightly over, the 99.5% target.

On the demand side, the Canadian Dairy Commission (CDC) continues to deplete its available butter stocks to the point where it may have to import better next fall if national production does not fully respond to the market needs. All this is on top of a modestly growing market for milk and milk products in the foreseeable future.

Taking these circumstances into account, the CDC and the Board strongly urge producers to fill their quota and maintain production as we enter the new dairy year. Approximately half of the producers are shipping less than their available monthly quota according to March production records, while the remainder are shipping over their monthly allocation.

Producers are urged to utilize quota swapping as one of the many management tools available when making production plans over the months ahead.

Please contact the Board office for individual quota management assistance.

QUOTA EXCHANGE

The ninth butterfat Quota Exchange of the 2006-2007 dairy year was conducted on May 15, 2007. The market-clearing price established for **unused** quota was **$64.28** and the market-clearing price established for **used** quota was **$58.63**. The results of the May 2007 Quota Exchange are outlined in the following Tables.

The last monthly Quota Exchange for the 2006-2007 dairy year will be held on June 15, 2007. All offers to sell and bids to purchase quota through the Quota Exchange must be received at the Board office by midnight, June 6, 2007. The Board recommends that offers and bids be submitted well in advance of the deadline date to ensure adequate time for corrections, if necessary.

Just a reminder to producers that when making bids on the Quota Exchange, the price on offers to sell quota is the minimum price that the producer is prepared to accept for that quota. Only if the market-clearing price is equal to or greater than the producer's minimum price will that producer qualify for participation in the Exchange.

Conversely, the price on offers to purchase quota is the maximum price that the producer is prepared to pay for that quota. Only if the market-clearing price is equal to or less than the producer's maximum price will that producer qualify for participation in the Exchange.

The clearing price is established at the price where the smallest difference exists between the accumulated volume offered for sale and the accumulated volume bid to purchase. To determine the clearing price of Total Production Quota, the bids to buy may be adjusted to five percent of annual production quota issued. This is necessary to avoid price distortion from excessively large bids.

TABLE I

UNUSED QUOTA EXCHANGE (per kilogram of butterfat)

Market Clearing Price per kilogram of butterfat	**$64.28**
Kilograms offered to Purchase – total	**500**
Kilograms offered to purchase at 5% adjustment	
Kilograms offered to Sell	**12,508**
Kilograms sold	**500**
Number of Producers	
- offered to purchase	**1**
- purchased quota	**1**
- offered to sell	**9**
- sold quota	**3**

UNUSED QUOTA EXCHANGE

Price ($/kg b.f.)	No. of Sellers	Cumulative Sellers	Kgs b.f. offered for sale	Cumulative sales	Cumulative Sales less Cumulative purchases	Cumulative purchases	Kgs b.f. offered to purchase	Cumulative Buyers	No. of buyers
63.00	3	3	1,460	1,460	960	500	0	1	0
64.28	**0**	**3**	**0**	**1,460**	**960**	**500**	**500**	**1**	**1**
65.00	1	4	1,600	3,060	3,060	0	0	0	0
67.00	1	5	800	3,860	3,860	0	0	0	0
68.00	1	6	1,000	4,860	4,860	0	0	0	0
70.00	2	8	5,815	10,675	10,675	0	0	0	0
72.00	1	9	1,833	12,508	12,508	0	0	0	0

TABLE II

USED QUOTA EXCHANGE (per kilogram of butterfat)

Market Clearing Price per kilogram of butterfat	**$58.63**
Kilograms offered to Purchase – total	**5,500**
Kilograms offered to Purchase – adjusted	**1,328**
Kilograms offered to Sell	**16,340**
Kilograms sold	**1,328**
Number of Producers	
- offered to purchase	**2**
- purchased quota	**2**
- offered to sell	**7**
- sold quota	**3**

USED QUOTA EXCHANGE

Price ($/kg b.f.)	No. of Sellers	Cumulative Sellers	Kgs b.f. offered for sale	Cumulative sales	Cumulative Sales less Cumulative purchases	Cumulative purchases	Kgs b.f. offered to purchase	Cumulative Buyers	No. of buyers
53.10	3	3	2,325	2,325	997	1,328	0	2	0
58.63	**0**	**3**	**0**	**2,325**	**997**	**1,328**	**500**	**2**	**1**
61.00	0	3	0	2,325	1,497	828	828	1	1
62.00	2	5	3,794	6,119	6,119	0	0	0	0
63.00	2	7	10,221	16,340	16,340	0	0	0	0

QUOTA SWAP EXCHANGE

The ninth Quota Swap Exchange of the 2006-2007 Dairy Year was conducted on May 15, 2007. There was no market-clearing price established (Table III).

The last monthly Quota Swap Exchange will be held on June 15, 2007. All offers to swap quota through the Quota Exchange must be received at the Board office by midnight, June 6, 2007. The Board recommends that offers and bids to swap be submitted well in advance of the deadline date to ensure adequate time for corrections, if necessary.

Just a reminder to producers that when making bids on the Quota Swap Exchange, the price on offers to swap out unused quota is the minimum price that the producer is prepared to accept for that quota. Only if the market-clearing price is equal to or greater than the producer's minimum price will that producer qualify for participation in the Quota Swap Exchange.

Conversely, the price on offers to swap in unused quota is the maximum price that the producer is prepared to pay for that quota. Only if the market-clearing price is equal to or less than the producer's maximum price will that producer qualify for participation in the Quota Swap Exchange.

The clearing price is established at the price where the smallest difference exists between the accumulated volume offered to swap out and the accumulated volume offered to swap-in.

TABLE III

QUOTA SWAP EXCHANGE (per kilogram of butterfat)

Market Clearing Price per kilogram of butterfat	**$**------
Kilograms offered to swap in	------
Kilograms offered to swap out	------
Kilograms swapped	------
Number of Producers	
- offered to swap in	---
- swapped in quota	---
- offered to swap out	---
- swapped out quota	---

BUTTERFAT PRODUCTION AND COMPONENT PRICING, APRIL 2007

Butterfat production for April 2007 totalled approximately 685,381 kilograms. This was approximately .26% higher than April 2006 shipments. **For the first nine months of the 2006-2007 dairy year, Saskatchewan's allocation of Total Production Quota totalled approximately 6,201,915 kilograms. For the first nine months, the province has shipped 98.24% of that amount.** The weighted average component tests and prices for the province in April are indicated in Table V.

SASKATCHEWAN MILK POOL RESULTS April 2007

TABLE IV

Milk Sale Revenue	$ 12,351,733.77
Western Milk Pool	$ +174,063.56
Dairy Farmers of Canada Skim Off	$ - 20,602.89
Plant of Last Resort Service	$ -57,245.27
Sample Bags	$ -10,350.00
Seals	$ - 2,720.97
Total Pool Value	**$ 12,434,878.20**

TABLE V

Components	Average Test	Price per kilogram Class 1 to 5
Butterfat	3.7477	$10.206218
Protein	3.3021	$ 7.206218
Other Solids (S.N.F.)	5.7068	$ 1.042436

Based on the average component tests for the province, the average price received was $67.9952 per hectolitre. The average butterfat price received per kilogram was $18.14.

Over quota (4m) holdings are $1,813,064 for the first nine months of the 2006/2007 dairy year.

ACCOUNTING VALUES FOR CLASSES OF MILK – May 2007

TABLE VI

	Butterfat ($/kg)	**($ per hl. Skim milk)**	
Class 1a	$5.3000	$56.49	
Class 1b	$5.3000	$56.49	
Class 1c	$5.3000	$44.50	
	Butterfat ($/kg)	**Protein ($/kg)**	**Other Solids ($/kg)**
Class 2	$7.2333	$5.4013	$5.4013
Class 3a	$7.2333	$12.6330	$0.8428
Class 3b	$7.2333	$12.4025	$0.8428
Class 4a, 4b, 4d & 4d(i)	$7.2333	$5.0219	$5.0219
Class 4a(i)	$7.2333	$1.7000	$1.7000
Class 4c	$7.2333	$4.3370	$4.3370
Class 4m	$0.00	$0.00	$0.00
Class 5a	$3.5462	$5.9213	$1.3970
Class 5b	$3.5462	$2.6345	$2.6345
Class 5c	$3.3740	$2.0000	$2.0000
Class 5d	**As determined by**	**the CDC**	

QUOTA MANAGEMENT PROFILE

Please find enclosed your quota management profile for April, 2007 (inclusive of May 1 temporary quota increase). This profile indicates the percentage of each producer's quota allocation utilized as well as the kilograms of butterfat produced by these shipments.

For the 2006-2007 dairy year, the Board will continue to provide this information on a monthly basis. We hope this information will assist producers with their management decisions regarding the utilization of their butterfat quota.

If you have any questions concerning the information provided, please contact our office.

QUOTA LISTING SERVICE

The Board offers a free quota listing service as part of its Newsletter. Anyone wishing to sell or purchase quota and/or cows, or swap quota is welcome to contact the Board office at (306) 787-5319. All prices and negotiations will be independent of the Milk Control Board.

Want to swap used for unused quota (swap in)

- Philip @ Rosetown Colony (306) 882-3112 Ext. 709
- Margaret Ford approximately 1500-2000 kgs (306) 782-7240
- Mike Stiefel approximately 1000-2000 kgs (306) 771-4777
- Ken Ferch (306) 736-2205
- David @ Earview Colony (306) 672-3516
- Levi @ Bench Colony (306) 297-3270
- Ken (306) 229-4591 or Ed (306) 227-9432
- Keith Thoner (306) 259-2171
- Stan Sinclair or Jayden (306) 332-4220
- Dan @ Pennant Colony (306) 626-3215 Ext. 260 or Ext. 223
- Danny Hofer approximately 200 kilograms (403) 502-9997
- Joe – West Bench Colony (306) 295-4135
- Alvin Schultz (306) 254-4301
- Mike @ Webb Colony (306) 674-2236
- Roger Genoway (306) 593-2289

Want to swap unused for used quota (swap out)

- Jim Gorrill (306) 725-4828
- James Hein (306) 365-3209

Wanted to Buy

Looking to purchase a dairy operation of about 50 – 60 cows on 300 – 400 acres. Phone Henry McBride (613) 587-4486.

For Sale

- 7,000 kilograms of quota for sale - August 1, 2007 transfer date - contact Loren Ollenberger (306) 753-3330

- Quota for sale – contact Murray Lockert @ (306) 762-2102; cell phone (306) 526-0076.

- Alfalfa hay bales 1,400 pounds – young crop. Hay located in Tessier, Saskatchewan. Contact Carol Robbins (403) 859-2097

- 21,273 kilograms of quota, with cows, average butterfat 4.21%. All unused August 1, 2007. Phone (306) 764-7865.

- Quota for sale – contact Fred or Anne Monchuk (306) 365-4750.

- Quota for sale plus 150 cows – August 1, 2007 transfer date – contact Bob Penrose (306) 946-2268

- Holstein heifers ready to calve in July, August & September for sale. Phone George Janzen (306) 225-4621.

- Complete dairy farm, machinery, 16,309 kilograms of quota and 80 cows. Will consider selling only cows and quota. Phone (306) 795-2976

- 2006 first cut alfalfa – 400 round bales 1500 -1600 pounds each. Feed tests available. Also, first cut alfalfa grass – 400 round bales 1500 -1600 pounds each. Feed tests available. Delivery available. Contact Ray Kostiuk @ (306) 595-4663.

- Bred heifers for sale. Contact Chad or Dennis @ (306) 598-2054.

- 15,000 kilograms used quota for sale. Contact Ken Ferch @ (306) 736-2205

- Hay for Sale – 250 round, 90% alfalfa, 10% Italian rye, 1st and 2nd cut, from irrigated land. 133 – 138 RFV. Call Ray at (306) 858-2636.

Looking for work on dairy farm

Young BC couple seek work together on dairy farm. Have experience and will consider all options. Call (250) 337-5595 or email angus.l.e.halliday@hotmail.com

MILK CONTROL BOARD MEMBERS

Leonard Blocka, Chairman	Dairy producer
Dr. David Christensen	Dairy researcher/professor U of S
Joseph Guenther	Dairy producer
David Finlay	Dairy producer
Garf Stevenson	Consumer representative
Joanne Mortenson	Processor representative

For further information, please contact the Saskatchewan Milk Control Board office.

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